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STENEHJEM CRACKS DOWN ON "STAFFED-EVENT" AUTOMOBILE SALES

BISMARCK – Attorney General Wayne Stenehjem has taken action against several out-of-state "staffed event" automobile dealers who have come into North Dakota with misleading and illegal sales tactics.

After suing the company, Stenehjem secured \$10,000 from "Sales 360 LLC" (formerly known as ACG Mediaworks) of Metairie, Louisiana, and its principals Shawn M. Burst and Angelina Darr Burst, and prohibited the company from doing business in the state. Stenehjem also issued a Cease and Desist Order against a Kentucky business for its part in a Sales 360 staffed event.

In a "staffed event," a local auto dealership contracts with an out-of-state sales team to promote and operate a three- to five-day sale. The sales team, which is paid on commission, promises tremendous profits for the local dealer but leaves the state immediately after the sale, leaving the dealer to contend with customer problems. Across the country Attorneys General are seeing a pattern of false promises, high-pressure sales techniques and cheated consumers associated with "staffed events."

"North Dakotans are ill served by these 'staffed event' salespeople coming into our state," said Stenehjem, "These companies use false advertising to bring in consumers who are then subjected to unfair sales practices and high pressure sales tactics to entice them into making a purchase. Local automobile dealers surely cannot be happy with the dissatisfied customers and loss of credibility that results."

Stenehjem's lawsuit stemmed from a Sales 360 staffed event in Fargo for which Sales 360 prepared and mailed 119,000 flyers to area consumers. The flyers contained misleading statements about the terms of sale for vehicles, credit approval, and number of vehicles, and also violated North Dakota's contest prize law in their use of a scratch-off game in which every person won the "Jackpot!." The day before the "sale," the "staffed event" personnel raised the vehicle prices to enable them to offer "better" deals.

Stenehjem's lawsuit alleged violations of North Dakota's False Advertising Law, Consumer Fraud Law, Contest Prize Notice Law and the law requiring out-of-state businesses obtain a certificate of authority from the Secretary of State prior to transacting business, as well as violations of a previous settlement agreement Sales 360 had entered into with the Attorney General in 2004 relating to a "staffed event" in Jamestown. At that time, Sales 360 paid \$5,000 to the Attorney General and promised to comply with North Dakota law.

Sales 360 has been the subject of investigations in other states relating to allegations of unfair and deceptive trade practices. Burst's brother, Bernard "Benny" Burst, operates a "staffed event" company, Smart Automotive Group, LLC, of Metairie, Louisiana, which has been the subject of legal action in another state for deceptive practices.

"So-called 'staffed event' companies are on notice that they must comply with all state laws, including consumer protection, advertising, licensing and registration, insurance, employment and taxation if they choose to do business in North Dakota," said Stenehjem.

Stenehjem issued a Cease and Desist Order against Blake Paxton and Paxton & Associates, LLC of Lexington, Kentucky. Paxton declined to cooperate with the Attorney General's investigation. Paxton conducted the sale and directed the activities of sales personnel, including re-pricing vehicles, and allowing misrepresentations by the sales personnel. Violation of the Cease and Desist Order is subject to civil penalties of up to \$1,000 per violation in addition to civil penalties of up to \$5,000 for each violation of the state's Consumer Fraud Law.

North Dakota also has joined with nine other state Attorneys General and a California District Attorney in a settlement with Milford, Ohio "staffed event" companies Gunning & Associates Marketing, Inc. and Fleet Liquidators of America, Inc., doing business as Fleet Liquidators of America, National Fleet Liquidators, G & A Marketing and G & A Marketing, Inc. (collectively, "G & A").

G & A had begun conducting a "staffed event" earlier this year in Dickinson but was directed to leave early by the local dealer after complaints were received. G & A had been under investigation by several other jurisdictions for misleading advertising and illegal sales practices. Under the multi-state settlement, the company must pay \$300,000 in restitution and change the way it does business by complying with pertinent state and federal consumer protection and licensing laws.

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